




THE CITY OF SAN DIEGO

MEMORANDUM

DATE: March 24, 2010

TO: Honorable Council President Pro-Tem Kevin Faulconer
Honorable Councilmembers Sherri Lightner and Tony Young

FROM: Jay M. Goldstone, Chief Operating Officer 

SUBJECT: Request for Clarification Regarding Revenue Sharing Partnership Opportunities with the City of San Diego

In your memorandum dated March 11, 2010, you sought clarification of certain revenue sharing partnership opportunities that have been presented to you by some of the City's lifeguards. The City's Chief Financial Officer, Director of Strategic Partnerships and members of the Mayor's staff have met with the lifeguards you referenced on this same topic. This response to your memorandum contains background concerning the City's Corporate Partnership Program, the lifeguard proposal, and the outcome of that meeting.

Background

As you know, the City has an established and successful process for evaluating revenue generating ideas and proposals. In 1999, the City established the Corporate Partnership Program (CPP) to identify, develop and negotiate corporate partnerships that generate revenue for the City. The CPP has generated over \$20 million to help fund critical programs, equipment, services and facilities. The CPP is currently working on multiple partnerships that are scheduled to close in fiscal year 2010 through fiscal year 2012 that could generate an additional \$2-5 million for the City.

The CPP is managed by Jenny Wolff, Director of Strategic Partnerships, and supported by an outside consultant, The Pathfinder Group. The Pathfinder Group is the leading municipal marketing firm in the country and has worked with Dallas, Phoenix, Portland, Austin, Atlanta and Salt Lake City on similar revenue-generating initiatives.

San Diego's CPP has been recognized as the most successful municipal marketing program in the country and the model for other cities. It has been featured in IEG Sponsorship Report, American City & County Magazine, The San Diego Union-Tribune, The Chicago Business

Journal, and The Pittsburgh Tribune and, just this year, was cited by The Virginia Pilot (January 6, 2010) and The Boston Globe (February 28, 2010).

Ms. Wolff serves as the central coordinator for all City projects and corporate partnerships that involve marketing and advertising as well as for all corporate and individual donations to the City. Her work with the CPP is guided by program policies and procedures that were adopted by the City Council in 2000. She reports to the Chief Financial Officer, who reports to me.

City Lifeguard Proposal

Your memorandum indicates that you are interested in the City pursuing a private company's proposal to generate revenue from "advertising on lifeguard uniforms, rescue buoys, surfboards, Band Aids, fire pits and sunscreen packets." This proposal, which has been promoted by lifeguards, was developed by 4 Visual Media, an advertising company that would market the City along with other public clients. Ms. Wolff has had discussions with representatives of 4 Visual Media to discuss their concept in more detail. Several issues have emerged from those conversations that were discussed with the lifeguards and on which there is general accord:

- The advertising company has stated several differing amounts of potential revenue that could be generated for the City from this proposal. However, it has not demonstrated to the City that it has lined up any specific advertisers or knows what advertisers will be interested in the program until it is marketed. This may be proprietary information, or it may reflect the true status of their proposal. In either case, the City is interested in seeing specific, quantifiable benefits brought to the table for discussion by 4 Visual Media.
- Advertising in public spaces must comply with the City's sign ordinance and policies. These policies were adopted by the City Council to avoid a glut of corporate images and logos that would detract from San Diego's image or, in this instance, the professional image of the lifeguards. Ms. Wolff is familiar with the legal requirements of the sign ordinance, having worked with the City Attorney's Office to evaluate previous advertising proposals made to the City. If the City decides that placing advertising images on certain City properties was an appropriate way of generating revenue, the sign ordinance will likely need to be amended.
- If the City decides to retain an outside advertising company to sell advertising for the City, the best way to maximize revenue is to employ a competitive process to select the City's partner and establish an appropriate revenue-sharing structure.
- The location and market for advertising are critical factors in the amount of revenue that can be generated. It appears that the market is weak at present, while the City beach properties under discussion would potentially generate the greatest interest from potential advertisers. These circumstances further indicate the need for a competitive process to ensure that any agreement we strike is in the taxpayers' best interest.

Next Steps

Working with the lifeguards and the Mayor's Office, Ms. Wolff has developed a process to determine how the City should move forward:

- Ms. Wolff will develop strategies for maximizing revenues to the City by a) determining which, if any, of the proposed ideas could be incorporated into an existing or new Marketing Partnership that would satisfy the requirements of City policies and the sign ordinance, and b) determining which, if any, of the proposed ideas are best developed through a competitive bid process.
- Ms. Wolff will continue to work with the Mayor's Office and the lifeguards to develop these ideas and to bring a Strategic Advertising Plan to the City Council for approval before any initiatives are commenced.

Your Memorandum asked if there was anything the City Council could do to assist the parties working on this endeavor.

In the event the City Attorney's Office determines that the current sign ordinance must be amended to allow for advertising initiatives such as those that are being contemplated, the City Council would need amend the relevant ordinances as appropriate. Your leadership in this matter would be vital to the program's success.

Thank you for your interest. If you have any additional questions, please let me know.

cc: Honorable Mayor Jerry Sanders
Honorable Councilmembers
Honorable City Attorney Jan Goldsmith
Mary Lewis, Chief Financial Officer
Andrea Tevlin, Independent Budget Analyst
Jennifer Wolff, Development Director